

INSPECTOR GENERAL
FISCAL YEAR 2001 ESTIMATES
BUDGET SUMMARY

OFFICE OF INSPECTOR GENERAL

SUMMARY OF RESOURCE REQUIREMENTS

	FY 1999 OPLAN <u>12/23/99</u>	FY 2000 OPLAN <u>REVISED</u>	FY 2001 PRES <u>BUDGET</u>
	(Thousands of Dollars)		
Personnel & related costs.....	17,826	19,100	20,100
Travel.....	996	600	1,200
Operation of installation	<u>790</u>	<u>300</u>	<u>700</u>
Total.....	<u>19,612</u>	<u>20,000</u>	<u>22,000</u>
<u>Distribution of Program Amount by Installation</u>			
Headquarters	<u>19,612</u>	<u>20,000</u>	<u>22,000</u>
Total.....	<u>19,612</u>	<u>20,000</u>	<u>22,000</u>

INTRODUCTION

The NASA Office of Inspector General (OIG) budget request of \$22.0 million for FY 2001 fully funds 213 Full-Time Equivalents (FTEs). We currently are staffed at 202 FTE and, when current hiring actions are completed in FY 2000, we will be staffed at 209 FTE. The budget request of \$22.0 allows the OIG to fully fund the 213 FTE staffing level including the projected COLA's. It allows the recruitment of three additional Computer Crimes Division (CCD) personnel to perform forensic evidence retrieval and advanced programming. The CCD staff is needed to evaluate the serious national and international penetrations targeted at NASA's systems, including mission critical systems. The NASA OIG has been in the forefront of responding to the priority Presidential Decision Directive (PDD) 63 to protect critical cyber infrastructure. Our actual budget request and FTE requirements will allow the OIG to perform its legislated mission as well as respond to Congressional requests, including Government Performance Results Act reviews. At the requested level, the OIG will: (1) provide assistance and work cooperatively with Agency management as it carries out NASA's programs and operations; (2) maintain a balanced audit program, including providing technical assistance and oversight of the audit of the Agency's financial statements as required by the Chief Financial Officers (CFO) Act; (3) concentrate

investigative resources on procurement fraud and network, computer, and telecommunications crime matters including emphasis on prevention initiatives; (4) work cooperatively with management by conducting inspections, assessments and reviews of issues identified by the OIG and those of concern to Agency management and Congress; and (5) deploy audit staff to timely provide feedback on NASA's re-engineering and streamlining initiatives. This budget level recognizes the fiscal constraints facing the Agency and the need for the OIG to provide quality products and services that are timely and meet our customers' needs. The Inspector General also continues streamlining activities to increase the mission capability of the OIG staff. Initiatives include continued conversion, whenever possible, of administrative overhead positions to program assistants and analysts responsible for assisting on direct mission activities of the audit, investigative, and inspection missions; and matrixing existing personnel and management analyst positions to support direct mission activities. In addition, the OIG continues to streamline and simplify communications and reporting channels, and improve computer and telecommunications capacities to further increase staff capabilities.

The OIG's missions include conducting independent audits, investigations, and reviews of NASA's programs and operations while working as cooperatively as feasible with NASA's management and program managers. Audits will be prioritized and selected to evaluate programmatic, operational and financial management concerns; information technology systems, security, and operations; and internal control vulnerabilities. The investigations program, with its computer and network crimes capability, will continue to place greater emphasis on the investigation of computer intrusions and frauds in which the computer was used as an instrument of the crime. The investigation's program also will continue focusing on complex procurement and other criminal matters including fraud against the Government by contractor and Government employees, product substitution, and other procurement irregularities. Inspections, assessments, and reviews will be conducted which support management's interests and concerns in achieving NASA's programmatic objectives more efficiently and effectively; issues of Congressional concern; matters of high Agency vulnerability; and administrative inquiries related to unethical and improper conduct, waste and mismanagement.

OBJECTIVES AND STATUS

This request represents the minimum OIG resources (FTEs) needed at NASA Headquarters and field offices to fulfill the OIG mission. Recognizing that every identified audit, investigation, inspection, assessment, and other workload review significantly taxes the available resources, continuous adjustments of priorities will be necessary to ensure a balanced coverage of NASA's programs and operations is maintained; all critical and sensitive matters are promptly evaluated and investigated; and all OIG customers receive timely, accurate, and complete responses.

The OIG uses a formal process to identify, review, prioritize, and select the audits, inspections, evaluations, and reviews to be performed. The OIG assignments are derived from: (1) monitoring NASA's evolving initiatives in downsizing, re-engineering, commercialization, and privatization to determine opportunities for efficiencies and vulnerabilities; (2) selecting audits and reviews using a structured approach encompassing NASA's programs and operations, and an external universe comprised of NASA's prime contractors, their subcontractors, and grantees; and (3) addressing issues required by laws and internal regulations. The audits and reviews identified from these sources are prioritized, balanced against available resources, and published in the annual OIG work plan. The OIG will continue its NASA-wide program-oriented reviews to obtain greater visibility and awareness of issues related to NASA's major programs and initiatives.

Agency vulnerabilities are determined by taking into consideration the following: (1) whether program and project objectives are accomplished in the most cost effective manner and comply with safety and mission quality initiatives; (2) whether management's actions are sufficient to correct internal control weaknesses reported under the Federal Manager's Financial Integrity Act (FMFIA); (3) whether NASA's annual expenditure on information technology is providing expected programmatic and financial information needed to make sound decisions (NASA is one of the top ranked civilian agencies in information technology spending); (4) whether improvements are implemented in financial management systems, practices, controls, and information; (5) whether the audit follow-up system is effective in enabling management to maintain the status of corrective actions; and (6) whether Agency-wide corrective actions addressing environmental concerns are adequate. Each of the identified vulnerabilities are evaluated, prioritized, and included in our plans for further action.

Further, Agency program and project changes, growth, delays, and terminations increase the need for OIG oversight of contractor/subcontractor/grantee cost, schedule, and performance effectiveness. During and beyond FY 2000, the Agency will potentially be faced with an array of problems resulting from computer systems not being able to successfully transition to the "00" calendar year. It has been estimated that the Year 2000 problems will extend beyond the first decade of the 21st century. Moreover, the Agency is developing a number of technology programs that will be reaching critical milestones in FY 2000 and beyond that have not yet received audit coverage. NASA's continued reliance on contractors and grantees (about 85 percent of the Agency's total obligations are for procurement) will require increasing direct OIG involvement and oversight of Defense Contract Audit Agency (DCAA) and Health and Human Services (HHS) OIG audits of NASA contractors and grantees to ensure effective contract and grant execution and administration. During FY 1999, NASA was billed about \$43 million for contract audit services.

During FY 2001, the OIG will continue to focus attention and provide support to program managers on issues relating to: Earth Science, Communications, Human Exploration and Development of Space, Space Technology, Information Technology, Aeronautics, and Space Transportation. The functional areas we will evaluate include Procurement and Contract Administration, Technology Transfer, Financial Management, Information Resources Management, Information Systems and Communications Security, Environmental issues, and Facilities and Equipment. The OIG's Information Technology Program and Information Assurance audit groups will continue to focus on the security and integrity of NASA's major information systems and operations. Financial management's significance increased dramatically with the passage of the CFO Act. Pursuant to the Inspector General Act and Title 31, we have selected independent certified public accountants to render an opinion on the Agency's annual financial statements, its internal control structure, and its compliance with laws and regulations. Our financial audits will concentrate on accounting controls, information systems, and required performance measurements.

The OIG investigative workload continues to squeeze the availability of investigative resources, especially in the area of cyber network intrusions. The minimal FY 2001 investigative staffing level will require the OIG to effectively manage the complex workload of investigative criminal and civil fraud matters. The establishment of the Computer Crimes Division allows the OIG to investigate unauthorized intrusions into and compromises of NASA and contractor network systems, as well as assessing vulnerability to information terrorism. The increase in the network crimes investigative caseload rose significantly in FY 2000 and will continue exponential growth in FY 2001. We prioritize our resources to focus on the international and national penetrations and intrusions of NASA's networks and systems, and economic espionage as well as other serious intrusions, which

cause losses of communications services involving hundreds of thousands of dollars per intrusion. We are finding more and more intrusions that use NASA funded networks to further other criminal enterprises including the compromise of advanced technologies and industrial espionage. The number of complex procurement fraud cases also remains high. These kinds of cases take longer to resolve and are resource intensive, thereby limiting our flexibility to expand the program. We are working with management to help us address all substantive allegations received, to refer more routine administrative matters to them for their resolution, and request that they keep the OIG advised of the action taken. We are also referring more serious administrative matters to the OIG Inspections and Assessments (I&A) staff for review. By referring matters to Agency managers or our I&A staff to resolve, we can reserve our criminal investigative resources to address the more serious fraud allegations.

In summary, the OIG will collaborate with Agency management to address issues of joint concern to improve scope, timeliness, and thoroughness of its oversight of NASA programs and operations; identify preventive measures; and enhance our capabilities to assist NASA management to efficiently and effectively achieve program and project goals and objectives.

SCHEDULE & OUTPUTS

<u>WORKLOAD</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Office Staff Ceiling</u>			
Full-Time Equivalents	191	210	213
<u>Investigations</u>			
Cases pending beginning of year	288	312	338
Opened during year	170	187	206
Closed during year	146	161	177
Cases pending end of year	312	338	367
<u>Audits</u>			
Audits pending beginning of year	33	36	40
Opened during year	73*	64	62
Closed during year	70	60	65
Audits pending end of year	36	40	37
<u>Inspections & Assessments (IA) and Partnerships & Alliances (PA)</u>			
IA Administrative Investigations pending beginning of year	87	142	132
Opened during year	156	160	165
Closed during year	101	170	185
IA Administrative Investigations pending end of year	142	132	112
IA and PA Reviews pending beginning of year	5	14	19
Opened during year	20	25	25
Closed during year	11	20	25
IA and PA Reviews pending end of year	14	19	19

*Emphasis on Agency-wide performance audits

BASIS OF FY 2001 FUNDING REQUIREMENT**PERSONNEL AND RELATED COSTS**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
	(Thousands of Dollars)		
Compensation and Benefits	17,198	18,875	19,440
Compensation.....	14,068	15,520	15,910
(Full-time permanent)	14,024	15,520	15,860
(Other than full-time permanent)	34	0	0
(Overtime & other compensation)	10	0	0
Benefits	3,130	3,355	3,530
Supporting Costs.....	628	225	660
Transfer of personnel.....	407	180	440
Personnel training	221	45	220
OPM Services.....	0	0	0
Total.....	<u>17,826</u>	<u>19,100</u>	<u>20,100</u>

FULL-TIME EQUIVALENTS

Full-time permanent.....	191	210	213
Other controlled FTEs	<u>0</u>	<u>0</u>	<u>0</u>
Total.....	<u>191</u>	<u>210</u>	<u>213</u>

These estimates provide the resources required for full staffing of NASA OIG's Information Technology Audit and Computer Crimes Divisions.

TRAVEL

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
	(Thousands of Dollars)		
Travel.....	996	600	1,200

Travel funding is required to carry out audit, investigation, inspection and assessment, partnerships and alliances, and management duties. Our budget allows for increases in per diem, airline costs, and workloads. We anticipate increased travel by our information technology audit and computer crimes teams. Also, in order to respond to NASA's changing priorities (and implementation of its centers of excellence and commercialization efforts), increased travel funds will be required to deploy staff located at field offices remote from the site where audit and investigation activities occur.

OPERATION OF INSTALLATION

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Technical Services.....	379	105	350
Management and Operations	<u>411</u>	<u>195</u>	<u>350</u>
Total.....	<u>790</u>	<u>300</u>	<u>700</u>

Operation of Installation provides a broad range of services and equipment in support of the Inspector General's activities.

The Technical Services estimate provides for all equipment, including purchase, maintenance, programming and operations of unique automated data processing (ADP) equipment. NASA provides common services items such as office space, communications, supplies, and printing and reproduction at no charge to the Office of Inspector General. The funding for Technical Services will cover the cost of providing unique ADP upgrades, and replacement of unique equipment that has become outdated or unserviceable. As funding permits, in FY 2001 we will continue to improve our PC-based wide-area network and management information system.

The Management and Operations category includes miscellaneous expenses within the Office of Inspector General, i.e., GSA cars, the Inspector General's confidential fund, miscellaneous contracts, and supplies not provided by NASA.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

PROPOSED APPROPRIATION LANGUAGE

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, [\$20,800,000] ~~\$20,000,000~~.
(*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2000.*)